**Before the**
**FEDERAL COMMUNICATIONS COMMISSION**
**Washington, DC 20554**

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| Federal-State Joint Board on | ) | CC Docket No. 96-45 |
| Universal Service | ) | |
| | ) | |
| Federal-State Joint Board on | ) | |
| Universal Service Seeks Comment | ) | |
| On Proposals to Modify the Commission's | ) | |
| Rules Relating to High-Cost Universal | ) | |
| Service Support | ) | |

# REPLY COMMENTS
**of the**
**ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

By: Stuart Polikoff
OPASTCO
21 Dupont Circle NW
Suite 700
Washington, DC 20036
(202) 659-5990

October 31, 2005

## TABLE OF CONTENTS

## EXECUTIVE SUMMARY

In its initial comments, OPASTCO stated that it is unable to support any of the four proposals in the Public Notice as they would all impede the continued achievement of the universal service objectives of the 1996 Act and the FCC in the areas served by rural ILECs. Like OPASTCO, several commenters observed that all of the proposals are overly focused on minimizing the size and growth of the federal High-Cost program without giving adequate consideration to the impact they will have on the provision of service in high-cost rural service areas.

Like OPASTCO, the vast majority of commenters oppose the use of a block grant system for the distribution of federal high-cost support. These commenters recognize not only the dubious legality of such a system, but also the unpredictability, inefficiency, and administrative burdens such a system would create. The Joint Board should therefore recommend that the FCC continue to calculate federal high-cost support distributions for all rural ILECs based on their actual embedded costs.

Many commenters, like OPASTCO, oppose treating rural ILECs and non-rural carriers the same in the calculation of high-cost support. These commenters acknowledge the vast market and operational differences between rural ILECs and non-rural carriers that necessitate the continuation of separate rural and non-rural support mechanisms. Rural ILECs will necessarily require a greater level of explicit high-cost funding than their non-rural counterparts to achieve universal service in a particular high-cost rural area.

In addition, OPASTCO is in agreement with those commenters that recommend maintaining the existing definition of "rural" for high-cost universal service purposes,

based on the complete statutory definition of "rural telephone company." Those commenters that propose truncating the "rural" definition provide virtually no rationale for the arbitrary dividing line that they suggest. Just because a carrier qualifies as a "rural telephone company" does not mean that it automatically qualifies for rural high-cost support. However, for those larger rural ILECs that receive high-cost support, arbitrarily classifying them as "non-rural" for universal service purposes could quickly lead to deterioration in the quality of service to their customers due to insufficient funding.

Numerous commenters, like OPASTCO, urge the Joint Board to recommend that rural ILECs' high-cost support payments remain based on their actual embedded costs. The use of embedded costs creates a direct relationship between rural ILECs' actual network investments and the support amounts they receive. This provides rural ILECs with a reasonable level of certainty that they will be able to achieve full cost recovery and incents them to prudently invest in their networks.

Conversely, rural ILECs would be far more reluctant to continue investing in their networks were FLEC estimates to be used as the basis for their support amounts. Clearly, this would be at odds with the goal of Congress, the FCC, and the Administration to achieve ubiquitous broadband availability. In addition, the Joint Board should reject the suggestion that support for all ETCs be based on the forward-looking costs of the "most efficient" technology for serving an area. This proposal fails to take into consideration differences in service quality and reliability, ubiquity, the size and nature of the area being served, and the regulatory obligations imposed on each carrier.

OPASTCO agrees with the many commenters that oppose the use of statewide costs in the calculation of high-cost support for rural ILECs. The use of statewide costs would leave many high-cost rural ILECs ineligible to receive any federal funding as a result of the unrelated costs of the large, urban based carriers in the state. The Joint Board should therefore recommend that federal high-cost support for rural ILECs continue to be calculated using their individual study area average embedded costs.

Like OPASTCO, numerous commenters oppose any type of freeze on rural ILECs' per-line support. In particular, a freeze on per-line support upon competitive entry would have a chilling effect on network investment since carriers would be uncertain as to whether they will be able to fully recover the costs of those investments. Furthermore, a freeze on per-line support upon competitive entry would do little to control the growth in the High-Cost program, since CETCs are generally not "capturing" rural wireline customers and causing the rural ILEC's per-line support to spiral upward.

Numerous commenters agree with OPASTCO that support for CETCs in rural service areas should be based on their own actual costs. The support received by CETCs under the identical support rule has been the main cause of the recent and ongoing growth in the rural High-Cost program. Providing different per-line support for ETCs serving an area does not conflict with the principle of competitive neutrality. This argument fails to account for the fact that ILECs and CETCs are so differently situated.

As an alternative to basing support for wireless CETCs on their own actual costs, there is substantial support in the record for exploring the idea of a separate mechanism that supports the buildout of wireless networks in unserved areas. As with basing CETCs' support on their own actual costs, a separate wireless mechanism would provide far greater accountability for how the support received by wireless CETCs is used than presently exists.

**Before the**
**FEDERAL COMMUNICATIONS COMMISSION**
**Washington, DC 20554**

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| Federal-State Joint Board on Universal Service | ) | CC Docket No. 96-45 |
| | ) | |
| Federal-State Joint Board on Universal Service Seeks Comment On Proposals to Modify the Commission's Rules Relating to High-Cost Universal Service Support | ) | |

**REPLY COMMENTS**
**of the**
**ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

## I. INTRODUCTION

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits these reply comments in response to comments filed on the Federal-State Joint Board on Universal Service's (Joint Board) Public Notice, released August 17, 2005.[1] The Public Notice seeks comment on four proposals that several Joint Board members and staff have developed to modify the Federal Communications Commission's (FCC, Commission) rules relating to high-cost universal service support.

OPASTCO is a national trade association representing over 560 small incumbent local exchange carriers (ILECs) serving rural areas of the United States. Its members,

[1] *Federal-State Joint Board on Universal Service Seeks Comment on Proposals to Modify the Commission's Rules Relating to High-Cost Universal Service Support*, CC Docket No. 96-45, Public Notice, FCC 05J-1 (rel. Aug. 17, 2005) (Public Notice).

which include both commercial companies and cooperatives, together serve more than 3.5 million customers. All OPASTCO members are rural telephone companies as defined in 47 U.S.C. §153(37).

In its initial comments, OPASTCO stated that it is unable to support any of the four proposals in the Public Notice as they would all impede the continued achievement of the universal service objectives of the Telecommunications Act of 1996 (1996 Act, the Act) and the Commission in the areas served by rural telephone companies. Like OPASTCO, several commenters observed that all of the proposals are overly focused on minimizing the size and growth of the federal High-Cost program without giving adequate consideration to the impact they will have on the provision of service in high-cost rural service areas.[2] In these replies, OPASTCO responds to the comments made regarding the major components of the proposals in the Public Notice as well as on other significant issues concerning the High-Cost program for rural ILECs and the basis of support for competitive eligible telecommunications carriers (CETCs) in rural service areas.

[2] *For example,* TDS Telecommunications Corp. (TDS), p. 6 ("The proposals tilt too heavily on constraining Fund growth, without analyzing whether the proposed measures can be implemented in accordance with the goal of encouraging widespread access to evolving, reasonably priced telecommunications services."); CenturyTel, Inc. (CenturyTel), p. 16 ("Many of the proposals set forth in the Public Notice are disturbing in that their purpose appears to be solely to reduce the amount of funding provided to support telecommunications services in rural high-cost areas, without regard to what that means to consumers who rely on those services."); ACS of Alaska, Inc., ACS of Fairbanks, Inc., ACS of Northland, Inc. and ACS of Anchorage, Inc. (ACS), p. 18 ("…the Notice dwells on a host of cramped proposals…that collectively would sharply reduce the amount of explicit support available to rural carriers. Such 'reforms' would be counterproductive at best to the achievement of the nation's broadband policy goals.").

## II. THE JOINT BOARD SHOULD RECOMMEND THAT THE FCC CONTINUE TO CALCULATE FEDERAL HIGH-COST SUPPORT DISTRIBUTIONS FOR ALL RURAL TELEPHONE COMPANIES

The vast majority of commenters in this proceeding oppose the use of a block grant system or state allocation mechanism for the distribution of federal high-cost support.[3] These commenters recognize not only the dubious legality of such a system, but also the unpredictability, inefficiency, and administrative burdens such a system would create.

Many commenters point out that the distribution of federal high-cost support through a system of block grants to the states has no legal basis in the 1996 Act. In *USTA v. FCC*,[4] the United States Court of Appeals for the District of Columbia Circuit ruled that the Commission cannot sub-delegate decision-making authority to outside private or sovereign entities absent affirmative evidence of Congressional intent to grant such authority. This decision is clearly applicable to the various block grant / state allocation mechanism proposals in the Public Notice.

---

[3] ACS, pp. 3-4, 22-24; Alaska Telephone Association (ATA), pp. 2-5; Alexicon Telecommunications Consulting (Alexicon), pp. 2-3, 10-11; Bellsouth, pp. 2-6; Balhoff & Rowe, LLC (Balhoff & Rowe), pp. 48-52; Centennial Communications Corp. (Centennial), pp. 7-8; CenturyTel, pp. 5, 16; CTIA-The Wireless Association (CTIA), pp. 13-18; Dobson Cellular Systems, Inc. (Dobson), pp. 12-19; FairPoint Communications, Inc. (FairPoint), p. 12; Frontier and Citizens ILECs, pp. 9-12; General Communications, Inc. (GCI), pp. 7-19; Home Telephone Company, Inc. and PBT Telecom (Home and PBT), p. 5; Interstate Telecom Consulting, Inc. (ITCI), pp. 4-21; Minnesota Independent Coalition (MIC), pp. 2-8; Montana Independent Telecommunications Systems (MITS), pp. 4-9; National Exchange Carrier Association (NECA), p. 4; National Telecommunications Cooperative Association (NTCA), pp. 7-11; Rural Cellular Association and The Alliance of Rural CMRS Carriers (RCA-ARC), p. 18; Sandwich Isles Communications, Inc., Telalaska, Inc., and Yukon Telephone Company, Inc. (STYu), pp. 5-6; Sprint Nextel Corporation (Sprint Nextel), pp. 12-15; TCA, Inc.-Telecom Consulting Associates (TCA), pp. 3-4; TDS, pp. 6-10; Texas Statewide Telephone Cooperative, Inc. (TSTCI), pp. 4-9; United States Telecom Association (USTelecom), pp. 7-9; Washington Independent Telephone Association, Montana Telecommunications Association and Monroe Telephone Company (WITA, MTA, and Monroe), pp. 2-3; Western Telecommunications Alliance and Independent Telephone and Telecommunications Alliance (WTA and ITTA), pp. 5-21.

[4] 359 F3d 554, 565-68 (D.C. Cir. 2004).

The 1996 Act is devoid of any language granting the Commission the power to sub-delegate to the states the authority to determine the amount of federal high-cost support to be distributed to eligible telecommunications carriers (ETCs). As ITCI states, “nothing in section 254 gives the Commission any explicit or implicit authority to sub-delegate to state commissions any decision-making authority over Federal universal service mechanisms.”[5] Furthermore, in Sections 214(e) and 254(f) of the Act, Congress assigned to the states very specific roles in the achievement of the statutory universal service objectives. The fact that neither Sections 254 nor 214 have any mention of states determining federal high-cost support levels for ETCs makes it clear that this is a responsibility which Congress intended the FCC to fulfill.

Commenters also discuss how a block grant / state allocation mechanism would make federal high-cost support levels significantly less predictable. Under a block grant system, each state would have broad discretion over how to apportion federal support to the ETCs within their borders. Unlike the existing rural high-cost support mechanism, states would have the latitude to establish distribution systems that “de-link” the support rural ILECs receive from the actual costs that they incur. This would create considerable uncertainty for rural ILECs as to whether they would continue to receive sufficient support that enables them to fully recover their costs, thereby inhibiting future network investments. In addition, capital markets would be reluctant to lend money to rural ILECs if they did not have reasonable assurance that these carriers will be capable of repaying their loans.

The Oregon Commission, in its defense of a state allocation mechanism, argues that the Section 254 principle of specific, predictable, and sufficient support mechanisms

[5] ITCI, pp. 7-8.

is “addressed to stability for consumers” and not for individual ETCs.[6] Certainly, OPASTCO agrees that the Act’s universal service principles are ultimately intended for the benefit of consumers. However, the Oregon Commission must recognize that universal service in rural and high-cost areas is achieved by the carriers committed to providing service throughout those areas – in particular, rural ILECs. And if rural ILECs are not confident that they will have a stable, sufficient source of funding, then they will be reluctant to invest in their networks. As a result, rural consumers would no longer have access to high-quality services that are affordable and reasonably comparable to those offered in urban areas, as Congress sought to ensure.

Moreover, commenters point out that a centralized federal system for calculating high-cost support is far better suited to achieve the Congressional mandate of reasonably comparable services and rates for consumers throughout the nation. The creation of 50 different systems for calculating support could lead to “inconsistency in the services supported, the levels of support, and ultimately the services available to consumers.”[7] This result is antithetical to the objective of maintaining a robust nationwide ubiquitous telecommunications network.

Finally, commenters note the considerable inefficiency of a system that would require each state to create and implement its own separate mechanism for distributing federal high-cost support. They also recognize the additional administrative burdens that such a system would place on carriers, state commissions, the FCC, and the universal service administrator. There can be no doubt that this additional layer of bureaucracy

---

[6] Public Utility Commission of Oregon (Oregon Commission), pp. 9-10.

[7] ACS, p. 22. *See also*, Centennial, p. 7 (“Different states will inevitably apply different criteria – or apply purportedly nationally-set criteria in different ways – leading to wide diversity among services in different areas – contrary to the requirements of Section 254.”).

would undermine the Commission's efforts to improve the management, administration, and oversight of the USF.[8]

OPASTCO therefore urges the Joint Board to recommend that the FCC continue to calculate federal high-cost support distributions for all rural ILECs, based on their actual embedded costs. A centralized support mechanism for rural ILECs is lawful, predictable, and efficient.

## III. THE JOINT BOARD SHOULD RECOMMEND THAT THE HIGH-COST PROGRAM CONTINUE TO BE BIFURCATED BASED ON THE 1996 ACT'S DEFINITION OF "RURAL TELEPHONE COMPANY"

Many commenters, like OPASTCO, oppose treating rural telephone companies and non-rural carriers the same in the calculation of high-cost support.[9] These commenters acknowledge the vast differences between rural telephone companies and non-rural carriers that necessitate the continuation of separate rural and non-rural support mechanisms. Indeed, the Rural Task Force (RTF), through its White Paper 2, provided empirical justification for a distinct High-Cost program for rural telephone companies. The RTF correctly recognized that "Congress, the FCC and the Joint Board have each concluded that universal service mechanisms and policies must be flexible in recognition that market and operational factors associated with Rural Carriers may be substantively different from those associated with non-Rural Carriers."[10] There have been no changes

---

[8] *See, Comprehensive Review of Universal Service Fund Management, Administration, and Oversight*, WC Docket No. 05-195, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, *Rural Health Care Support Mechanism*, WC Docket No. 02-60, *Lifeline and Link-Up*, WC Docket No. 03-109, *Changes to the Board of Directors for the National Exchange Carrier Association, Inc.*, CC Docket No. 97-21, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 05-124 (rel. June 14, 2005).
[9] FairPoint, pp. 12-15; Home and PBT, pp. 3-4; TCA, p. 7; Alexicon, pp. 11, 15; Balhoff & Rowe, p. 48; TSTCI, p. 12; National Association of State Utility Consumer Advocates (NASUCA), pp. 18-23; Regulatory Commission of Alaska (RCA), pp. 12-13.
[10] *Rural Task Force Recommendation to the Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 16 FCC Rcd 6165, 6174 (2000).

in the market and operational characteristics of rural telephone companies to now warrant identical treatment of rural and non-rural carriers in the calculation of high-cost support.

Those commenters advocating a unified high-cost support mechanism assert that making no distinction between rural and non-rural carriers in the calculation of support would avoid unfair discrimination among the carriers serving high-cost rural areas.[11] However, this argument fails to consider the study area size and service area characteristics of these carriers, which are highly relevant determinants of a carrier's own ability to provide affordable and reasonably comparable services and rates to the high-cost regions that they serve.

Rural telephone companies will necessarily require a greater level of explicit high-cost funding than their non-rural counterparts to achieve universal service in a particular high-cost rural area. This is because rural carriers are small and mid-size companies whose service territories are primarily rural and do not include any large, low-cost metropolitan areas. Contrast this with non-rural carriers who, as NASUCA points out, are some of the largest corporations in the country with rural territories that are just a small part of their total operation.[12] The size and market characteristics of these non-rural carriers provide them with the capability to offer affordable and reasonably comparable services and rates to their rural territories with minimal levels of federal high-cost support. Even if the non-rural carriers were to receive additional high-cost funds, it is doubtful that the funding would be properly invested to improve service in

[11] *For example*, Oregon Commission, pp. 11-12; SureWest Communications (SureWest), p. 4; Qwest Communications International Inc. (Qwest), p. 8; Dobson, p. 10.
[12] NASUCA, p. 19.

their rural territories.[13] On the other hand, absent considerable growth in the size of the High-Cost program, evenly funding high-cost wire centers of both rural and non-rural carriers would "result in a significant shortfall of 'sufficient' high-cost funding to rural carriers with catastrophic consequences to the[se] rural consumers…"[14]

In addition, OPASTCO is in agreement with those commenters that recommend maintaining the existing definition of "rural" for high-cost universal service purposes, based on the complete statutory definition of "rural telephone company."[15] Some commenters have proposed requiring rural telephone companies with more than 100,000 access lines (either within a state or in total) to participate in the non-rural high-cost support mechanism.[16] However, these commenters provide virtually no rationale for such an arbitrary dividing line.

Under the 1996 Act's definition of "rural telephone company," a carrier can qualify by meeting any one of four criteria. While two of the criteria are based on the number of access lines served (criteria B and C), the other two are based on the population or rural nature of the area(s) being served (criteria A and D). The Joint Board should not seek to override Congress's decision as to what constitutes a rural carrier by recommending the elimination and/or alteration of certain criteria.

---

[13] *See,* WTA and ITTA, p. 15 ("…providing millions of dollars of additional Federal universal service support to large, multi-billion dollar carriers is not likely to change their investment priorities or behavior."). *See also,* ITCI, p. 15.

[14] FairPoint, p. 15. *See also,* Home and PBT, p. 4 ("Either the size of the funding will explode to provide support to networks of larger carriers that do not require such funding to maintain affordable average rates or, if funding does not increase, smaller rural carriers will be left with insufficient funding to maintain affordable average rates within their rural networks.")

[15] NTCA, pp. 13-14; WTA and ITTA, pp. 24-26; USTelecom, pp. 4-5; ICORE, pp. 3-5; FairPoint, pp. 11-12; ACS, pp. 10-11; Frontier and Citizens ILECs, pp. 7-8.

[16] *For example,* Verizon, pp. 16-18; AT&T, p. 4; Public Service Commission of the State of Missouri (MoPSC), p. 10; RCA, p. 6; NASUCA, p. 19.

In any event, simply because a carrier qualifies as a "rural telephone company" in no way means that it automatically qualifies for high-cost support under the rural high-cost mechanism. Because the rural mechanism is based on ILECs' embedded costs, only those carriers whose costs exceed certain benchmarks qualify for High-Cost Loop Support (HCLS). Thus, it is impossible for the rural program to be over-inclusive of larger rural carriers, since to the extent that such carriers have lower per-line costs, this will reduce the amount of support that they receive, if they receive any at all.

In its earlier comments and reply comments in this proceeding, OPASTCO provided data demonstrating that rural telephone company study areas with 100,000 access lines or more receive only a small percentage of the total amount of support going to all rural ILECs.[17] A review of the Universal Service Administrative Company's (USAC) most recent quarterly Fund size projections for 4th quarter 2005 continues to illustrate this point. Of all the HCLS projected to be received by rural ILECs in 4th Quarter 2005 ($264.1 million), just 7.2 percent will be received by ILEC study areas with 100,000 access lines or more ($19.0 million).[18] Thus, the overwhelming majority of support for rural ILECs is going to smaller study areas with less than 100,000 access lines.

Nevertheless, for those larger rural telephone companies that rely on high-cost support to provide quality, modern services at affordable and reasonably comparable rates to their customers, arbitrarily classifying them as "non-rural" for universal service

[17] OPASTCO comments, CC Docket No. 96-45 (fil. Oct. 15, 2004), p. 5; OPASTCO reply comments, CC Docket No. 96-45 (fil. Dec. 14, 2004), pp. 4-5.

[18] Universal Service Administrative Company, *Federal Universal Service Support Mechanisms Fund Size Projections for the Fourth Quarter 2005* (Aug. 2, 2005), Appendices HC01, HC05. Interstate Common Line Support (ICLS) and Interstate Access Support (IAS) are not included in this calculation because the amount of ICLS or IAS a rural ILEC receives will not change if they are shifted into the non-rural High-

purposes would most likely provide them with insufficient support. This could quickly lead to deterioration in the quality of service to the customers in these areas as it is likely that the carriers would be impeded from making investments in their networks. Furthermore, the loss of support could place upward pressure on local end-user rates. Therefore, OPASTCO agrees with USTelecom that truncating the definition of "rural" for high-cost universal service purposes "would have greater public policy risks than any minimal benefit that might be obtained through reductions in the number of carriers supported or the amounts that such carriers receive."[19]

The rural High-Cost program has been highly beneficial to the customers of rural telephone companies, enabling them to receive modern basic and advanced services at affordable and reasonably comparable rates. It would make no sense, then, for the Joint Board to recommend that the existing mechanism for rural ILECs be eliminated or that the definition of "rural" be altered so that fewer rural ILECs are eligible to participate in the program. Instead, in order to control the growth of the High-Cost program in a manner that is consistent with the universal service goals of Congress and the FCC, the Joint Board should focus its attention on reforming the basis of support for CETCs in rural service areas.

---

Cost program. This is because the receipt of ICLS and IAS is based on whether a carrier is classified as a rate-of-return carrier or price cap carrier, not on their status as a rural or non-rural carrier.

[19] USTelecom, p. 4.

## IV. THE JOINT BOARD SHOULD RECOMMEND THAT HIGH-COST SUPPORT FOR RURAL ILECS CONTINUE TO BE BASED ON THEIR ACTUAL EMBEDDED COSTS

Numerous commenters, like OPASTCO, urge the Joint Board to recommend that rural ILECs' high-cost support payments remain based on their actual embedded costs.[20] Commenters correctly point out that it is the direct relationship between rural ILECs' actual network investments and the support amounts that they receive that enables them to predict with a reasonable level of certainty that they will be able to achieve full cost recovery. This has provided rural ILECs with the proper incentives to prudently invest in their networks so that they can offer the full array of quality, modern services to customers throughout their service areas.

Conversely, support based on forward-looking economic cost (FLEC) estimates would bear no relationship to the costs that rural ILECs actually incur. As a result, rural ILECs would be far more reluctant to continue investing in their networks. In addition, "[i]f support levels became uncertain and were materially reduced, rural carriers' financial capital would be depleted just to maintain basic services, and investors would not make financing available for new advanced services."[21] Clearly, this would be at odds with the goal of Congress, the FCC, and the Administration to achieve ubiquitous broadband availability.

A few commenters, mostly wireless carrier interests, suggest that the use of embedded costs incents carriers to increase their costs and fails to provide incentives to

[20] USTelecom, pp. 6-7; WTA and ITTA, p. 20; Balfhoff & Rowe, pp. 36-39; ITCI, p. 20; NECA, pp. 2-3; ICORE, pp. 5-8; Alexicon, pp. 5, 11; TSTCI, pp. 9-10; Rural Oklahoma Telecommunications Companies (ROTC), pp. 3-4; Nebraska Rural Independent Companies (Nebraska Companies), p. 8; FairPoint, pp. 11-12; TDS, pp. 13-14; ACS, pp. 11-16; CenturyTel, pp. 18-19; STYu, p. 3; Home and PBT, pp. 7-8; BellSouth, pp. 6-8.

[21] TDS, p. 5.

improve efficiency.[22] This is an "urban myth [that] is untrue and unsubstantiated with respect to the vast majority of rural telephone companies."[23] These commenters fail to recognize that high-cost support, while critical to the achievement of universal service in many rural service areas, is no carrier's sole source of cost recovery. Rural telephone companies operate in a highly competitive environment with threats coming from wireless carriers, Voice over Internet Protocol providers, and long distance carrier access bypass among others. This provides rural ILECs with ample incentive to strive to improve their efficiency in order to create value for consumers and increase demand for their service offerings. Furthermore, rural ILECs face scrutiny and oversight from auditors, regulators, lenders, and shareholders.

The same wireless commenters that criticize the use of embedded costs recommend that the support of all ETCs eventually be based on the forward-looking costs of the "most efficient" technology for serving an area.[24] They seem to suggest that because wireless carriers may be able to provide service at a lower cost than the ILEC, that somehow makes them more efficient. What these commenters continually refuse to acknowledge is the stark contrasts between wireline and wireless service and the circumstances under which ILECs and CETCs (wireless, in particular) provide service. As Balhoff & Rowe explain:

> …there still continues to be a significant mismatch between ILEC and wireless or other carrier duties. Most states impose "Carrier of Last Resort" (COLR) obligations on wireline carriers independent of any high cost fund support they may receive. While specific requirements vary from state to state, in general, wireline companies must build and maintain ubiquitous and very reliable networks. Wireless CETCs, on the other hand, usually only build networks to serve high value customers or areas,

[22] CTIA, pp. 4-5; Centennial, p. 8; RCA-ARC, p. 17; GCI, p. 14.
[23] ITCI, p. 20.
[24] CTIA, pp. 12, 19; Centennial, p. 8; RCA-ARC, pp. 10-11, 16-17; Dobson, pp. 2-8.

> and provide something closer to a "best efforts" level of service. Wireline carriers are subject to detailed customer service and service quality requirements; other carriers are subject to none. Wireline carriers are generally required to provide unlimited local calling, and are subject to various other retail and wholesale requirements, have extensively deployed E911, and provide backup power. …. And these difference[s] will have significant effects on cost.[25]

Thus, just because a carrier providing service using one technology has higher costs than a carrier providing service through another technology does not necessarily make the first carrier or technology less efficient. Such a presumption fails to take into consideration differences in service quality and reliability, ubiquity, the size and nature of the area being served, and the regulatory obligations imposed on each carrier.

The Joint Board should therefore recommend that high-cost support for rural ILECs continue to be based on their actual embedded costs. The use of any other basis of support that de-links rural ILECs' support payments from their embedded costs would only serve to jeopardize the continued provision of high-quality communications services – including advanced services – throughout rural service areas.

## V. THE JOINT BOARD SHOULD RECOMMEND THAT RURAL ILECS' SUPPORT CONTINUE TO BE CALCULATED USING STUDY AREA AVERAGE COSTS

Many commenters, like OPASTCO, oppose the use of statewide costs in the calculation of high-cost support for rural telephone companies.[26] Commenters correctly explain that the use of statewide costs would "unreasonably mask the differences among carriers,"[27] since the amount of support a rural carrier receives would essentially be

[25] Balhoff & Rowe, p. 36.
[26] NASUCA, p. 12; RCA, pp. 7-8; Nebraska Companies, p. 13; ROTC, p. 3; NTCA, pp. 3-7; WTA and ITTA, p. 13; ITCI, p. 13; TCA, pp. 5-6; TSTCI, pp. 8-9; Home and PBT, pp. 5-6; STYu, p. 5.
[27] NASUCA, p. 12.

determined by the unrelated costs of the large, urban-based carriers in the state. This would leave many small and mid-size high-cost rural ILECs ineligible to receive any federal funding.

Unlike non-rural carriers and large wireless CETCs, rural ILECs do not have high-density, low-cost metropolitan cores that they can use to offset the high cost of their sparsely populated rural territories. Thus, using statewide costs in the support calculation for rural ILECs would prevent the carriers most in need of the support from receiving it. As a result, rural ILECs would be hard pressed to continue investing in infrastructure, and their ability to offer basic and advanced services to their customers at affordable and reasonably comparable rates would be severely jeopardized.

The RCA is correct when it states that "[t]he concept that each state should be responsible for the costs within its own boarders [sic] is not necessarily reasonable when applied to the rural universal service mechanism."[28] The Joint Board should therefore recommend that federal high-cost support for rural ILECs continue to be calculated using their individual study area average embedded costs.

## VI. THE JOINT BOARD SHOULD NOT RECOMMEND A FREEZE ON RURAL ILECS' PER-LINE SUPPORT

Like OPASTCO, numerous commenters oppose a freeze on rural ILECs' per-line support upon competitive entry or any other type of freeze on their support.[29] Commenters correctly state that a freeze on per-line support upon competitive entry would violate the Section 254 principle that support be predictable and sufficient. Specifically, it would have a chilling effect on network investment since carriers would

[28] RCA, p. 7.

be uncertain as to whether they will be able to fully recover the costs of those investments. For certain, rural carriers' efforts to deploy broadband capability to greater numbers of consumers in high-cost areas would be hampered.

In addition, a per-line freeze on support would be particularly problematic in the aftermath of a natural disaster, such as a hurricane, where facilities need to be restored. Also, commenters point out that rural ILECs have carrier-of-last-resort obligations, which require them to maintain their entire network, regardless of the number of active lines they are serving at any particular point in time. The few commenters that advocate for a freeze on per-line support fail to address any of these troublesome outcomes.[30] Thus, it is essential that rural ILECs' support continue to be based on their total network embedded costs if consumers in rural service areas are to have access to services and rates that are reasonably comparable to those offered in urban areas.

Finally, commenters correctly note that freezing rural ILECs' per-line support upon competitive entry would do little to control the growth in the High-Cost program. This is because wireless CETCs are generally not "capturing" rural wireline customers and causing the rural ILEC's per-line support to spiral upward. Indeed, the Joint Board itself previously recognized that much of the growth in the High-Cost program "represents supported wireless connections that supplement, rather than replace, wireline service."[31] Therefore, if the Joint Board wishes to control the unjustified growth in the

[29] Maine PUC and Vermont PSB, p. 8; USTelecom, p. 8; NTCA, pp. 11-13; WTA and ITTA, p. 21; WITA, MTA and Monroe, pp. 3-4; TSTCI, p. 11; TCA, p. 6; ICORE, p. 13; Alexicon, p. 8; ITCI, p. 21; Balhoff & Rowe, p. 47; FairPoint, pp. 9-10; TDS, pp. 10-11.
[30] Verizon, pp. 3, 10, 18-19; GCI, p. 16; AT&T, pp. 3-4; Sprint Nextel, p. 8.
[31] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 19 FCC Rcd 4257, 4285, ¶67 (2004).

rural High-Cost program, it should focus its efforts on reforming the basis of support for CETCs.

## VII. THE JOINT BOARD SHOULD RECOMMEND THE ABANDONMENT OF THE IDENTICAL SUPPORT RULE FOR CETCS IN RURAL SERVICE AREAS

Numerous commenters agree with OPASTCO that support for CETCs in rural service areas be based on their own actual costs of providing service.[32] These commenters recognize that the support received by CETCs under the identical support rule has been the main cause of the recent and ongoing growth in the rural High-Cost program.

Under the identical support rule, CETCs in rural service areas are able to receive support based on the unrelated costs and investments of the ILEC for every customer that the CETC serves in its designated territory. This enables CETCs to receive windfall support amounts that exceed "sufficient" levels, thereby placing an unnecessary burden on the nation's ratepayers. In a recent speech, FCC Chairman and Joint Board member Kevin Martin expressed concern over the identical support rule in rural service areas.[33] As ICORE states, "[i]t is totally contrary to the public interest both to provide support to companies that would not otherwise qualify for such support and to increase the size of the universal service fund by so doing."[34]

A frequent refrain of those commenters that advocate equal per-line support for all ETCs serving an area is that providing ETCs with different per-line support amounts

---

[32] WTA and ITTA, pp. 19-20; NTCA, pp. 11-13; TSTCI, pp. 9-10; Balhoff & Rowe, pp. 34-36; ITCI, p. 20; TCA, p. 6; ICORE, pp. 9-13; ROTC, p. 7; Home and PBT, pp. 7-8; FairPoint, pp. 5-7; TDS, pp. 13-14; STYu, p. 4; NASUCA, p. 30.

[33] Remarks of FCC Chairman Kevin J. Martin, TELECOM 05 Conference, United States Telecom Association, Las Vegas, NV (Oct. 26, 2005), p. 4 ("I have also expressed concern about how CETC support is calculated. For example, even if their costs are lower, they receive support based on your higher costs.").

[34] ICORE, p. 12.

based on their own costs would not be competitively neutral.[35] However, this argument fails to account for the fact that ILECs and CETCs are differently situated in terms of service quality and reliability, ubiquity, designated service area, regulatory obligations, etc. OPASTCO agrees with WTA and ITTA that in rural service areas, "the actual historical/embedded costs of each ETC constitute the most accurate and equitable basis for calculating its Federal universal service support."[36]

Another argument of proponents of the identical support rule is that unequal per-line support would distort market signals and discourage market entry.[37] To the contrary, enabling CETCs to receive the ILEC's cost-based per-line support is what is distorting market signals. As Balhoff & Rowe correctly point out, "RLEC support is based on costs already incurred; while, absent effective standards, equity analysts treat wireless CETC support as practically pure margin."[38] This opportunity for an easy windfall encourages carriers to seek ETC status where they might not have otherwise, unnecessarily bloating the size of the High-Cost program and creating an environment of unfair and uneconomic competition.

With regard to market entry, the FCC's Tenth CMRS Competition Report found that less densely populated counties (100 persons per square mile or less) have an average of 3.7 mobile wireless competitors.[39] This number remains unchanged from the year prior, despite the fact that the number of mobile wireless competitors in more densely

[35] Nextel Partners, p. 11; Centennial, p. 5; CTIA, p. 12
[36] WTA and ITTA, p. 20.
[37] Sprint Nextel, p. 7; CTIA, p. 11.
[38] Balhoff & Rowe, p. 36.
[39] *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, WT Docket No. 05-71, Tenth Report, FCC 05-173 (rel. Sept. 30, 2005), ¶94.

populated counties actually declined by seven percent.[40] The FCC has concluded, once again, that CMRS providers are competing effectively in rural areas.[41] Therefore, basing CETCs' support on their own costs will not negatively affect their ability to compete in rural areas. What it will do is eliminate the perverse incentives that currently exist to seek ETC status merely to receive windfall support payments.

A couple of commenters complain that CETCs should not be burdened with having to report their costs in order to qualify for support.[42] However, there is nothing inappropriate about requiring an otherwise unregulated carrier that voluntarily applies for ETC status to document its own costs in order to qualify for funds collected from the nation's ratepayers. Responsible stewardship of limited public funding demands such an approach. Otherwise, it is likely that the support CETCs receive will be more than "sufficient," it will be excessive.

In addition, since rural ILECs are required to provide data documenting that they incur above-average costs in order to qualify for high-cost support, the Commission's principle of competitive neutrality dictates that CETCs in rural service areas should also be required to do so. OPASTCO is certainly supportive of the development of an average schedule-like option for CETCs, based on the actual costs of similarly situated carriers using the same technology. This would give CETCs the same options as rural ILECs and give them the same opportunity to avoid the administrative costs of developing an annual cost study.

As an alternative to basing support for wireless CETCs on their own actual costs, there is substantial support in the record for exploring the idea of a separate mechanism

---

[40] *Id.*
[41] *Id.*, ¶95.

for wireless CETCs that supports the buildout of wireless networks in unserved areas and along unserved roads.[43] It is telling that a couple of wireless carrier interests oppose this concept specifically because it would focus on network buildout, rather than on the "provision and maintenance" of existing facilities.[44] Clearly, these commenters would prefer that wireless CETCs be able to continue to use the support they receive to subsidize the provision of service to existing customers, rather than on the improvement of "…coverage, signal strength, or capacity that would not occur absent the receipt of high-cost support," as the FCC has required.[45] As with basing CETCs' support on their own actual costs, a separate mechanism that targets support to the buildout of wireless networks would provide far greater accountability for how the support received by wireless CETCs is used than presently exists.

---

[42] Dobson, p. 22; AT&T, p. 5.

[43] Balhoff & Rowe, pp. 32-33; TCA, pp. 7-8; TDS, pp. 15-17; FairPoint, pp. 7-8; ACS, pp. 22-23; CenturyTel, pp. 9-11; RICA, p. 5; Nebraska Companies, pp. 9-11; ATA, p. 6; MoPSC, p. 15; RCA, p. 14; Maine PUC and Vermont PSB, p. 11; NPSC, p. 6. OPASTCO agrees with those commenters that would characterize the wireless support as a new "program," "mechanism," or "component" within the existing USF, rather than as a separate "Portability Fund," as it is referred to in the Universal Service Endpoint Reform Plan (USERP). This would ensure that the program or mechanism is funded by all USF contributors and that all existing programs and mechanisms continue to be as well.

[44] Dobson, p. 21; CTIA, p. 10.

[45] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 20 FCC Rcd 6371, 6380, ¶21 (2005).

## VIII. CONCLUSION

The record in this proceeding supports a Joint Board recommendation that high-cost support distributions for all rural ILECs continue to be calculated by the FCC and based on their study area average embedded costs. In addition, the record supports the abandonment of the identical support rule in rural service areas and basing CETCs' support on their own costs. These recommendations would prevent further unnecessary growth in the rural High-Cost program while enabling the continued achievement of the universal service objectives of the 1996 Act and the Commission in rural service areas.

Respectfully submitted,

**THE ORGANIZATION FOR THE**
**PROMOTION AND ADVACEMENT OF**
**SMALL TELECOMMUNICATIONS COMPANIES**

By: /s/ Stuart Polikoff
Stuart Polikoff
Director of Government Relations

OPASTCO
21 Dupont Circle NW
Suite 700
Washington, DC 20036
(202) 659-5990

October 31, 2005

## CERTIFICATE OF SERVICE

I, Brian J. Ford, hereby certify that a copy of the comments of the Organization of the Promotion and Advancement of Small Telecommunications Companies was sent either by electronic mail or first class United States mail, postage prepaid, on this, the 31st day of October, 2005, to those listed on the attached list.

By: /s/ Brian J. Ford
Brian J. Ford

**SERVICE LIST**
**CC Docket No. 96-45**
**FCC 05J-1**

Kathleen Q. Abernathy, Commissioner
Joint Board Chair
Federal Communications Commission
445 12th Street, S.W., Room 8-B115
Washington, D.C. 20554

Kevin J. Martin, Chairman
Federal Communications Commission
445 12th Street, S.W., Room 8-A204
Washington, D.C. 20554

Michael J. Copps, Commissioner
Federal Communications Commission
445 12th Street, S.W., Room 8-A302
Washington, D.C. 20554

J. Thomas Dunleavy, Commissioner
New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Ray Baum, Commissioner
Oregon Public Utility Commission
550 Capitol Street N.E., Suite 215
P.O. Box 2148
Salem, OR 97308-2148

Billy Jack Gregg, Director
Consumer Advocate Division
723 Kanawha Boulevard, East
7th Floor, Union Building
Charleston, WV 25301

Philip McClelland
Pennsylvania Office of Consumer
Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Carl Johnson
New York Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Orjiakor Isiogu
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48911

Peter Bluhm
Vermont Public Service Board
Drawer 20
112 State Street, 4th Floor
Montpelier, VT 05620-2701

Andrew Margeson
Oregon Public Utility Commission
550 Capitol Street, N.E.
Salem, OR 97301-2551

Peter Pescosolido
Connecticut Department of
Public Utility Control
10 Franklin Square
New Britain, CT 06051

Joel Shifman
Maine Public Utilities Commission
242 State Street
State House Station 18
Augusta, ME 04333-0018

Jeff Pursley
Nebraska Public Service Commission
300 The Atrium, 1200 N Street
P.O. Box 94927
Lincoln, NE 68509-4927

Greg Fogleman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald Gunter Building
Tallahassee, FL 32399-0850

Lori Kenyon
Regulatory Commission of Alaska
1016 West Sixth Avenue, Suite 300
Anchorage, AK 99501

Aram Shumavon
California Public Utility Commission
505 Van Ness Avenue
San Francisco, CA 94102

Eric Seguin
Oklahoma Corporation Commission
Jim Thorpe Office Building
2101 North Lincoln Boulevard
Oklahoma City, OK 52000-2000

Brad Ramsay
NARUC
1101 Vermont Avenue, N.W., Suite 200
Washington, D.C. 20005

David Dowds
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald Gunter Building
Tallahassee, FL 32399-0850

Jennifer A. Richardson
Indiana Utility Regulatory Commission
Indiana Government Center South
302 West Washington Street, Suite E306
Indianapolis, IN 46204

Michael H. Lee
Montana Public Service Commission
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Barbara Meisenheimer
Consumer Advocate Missouri Office of Public Counsel
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102-2230

Earl Poucher
Office of the Public Counsel
State of Florida
111 West Madison, Room 812
Tallahassee, FL 32399

Russell Hanser
Federal Communications Commission
445 12th Street, S.W., Room 8-B115
Washington, DC 20554

Michelle Carey
Federal Communications Commission
445 12th Street, S.W., Room 8-B201 L
Washington, DC 20554

Jessica Rosenworcel
Federal Communications Commission
445 12th Street, S.W., Room 8-A302 E
Washington, DC 20554

Narda Jones
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-A425
Washington, D.C. 20554

Lisa Gelb
Federal Communications Commission
WCB
445 12th Street, S.W., Room 5-C451
Washington, DC 20554

Cathy Carpino
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-A441
Washington, D.C. 20554

Gina Spade
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B550
Washington, D.C. 20554

Katie King
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B544
Washington, D.C. 20554

Ted Burmeister
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B438
Washington, D.C. 20554

Warren Firschein
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B442
Washington, D.C. 20554

Geoff Waldau
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B524
Washington, D.C. 20554

Tom Buckley
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B552
Washington, D.C. 20554

Sheryl Todd
Federal Communications Commission
WCB, TAPD
445 12th Street, S.W., Room 5-B540
Washington, D.C. 20554

Best Copy and Printing, Inc.
445 12th Street, S.W., Room CY-B402
Washington, D.C. 20554

Leonard Steinberg
General Counsel
Alaska Communications Systems Group, Inc.
600 Telephone Avenue, MS 65
Anchorage, AK 99503

Karen Brinkmann
Richard R. Cameron
Latham & Watkins, LLP
Attorneys for
Alaska Communications Systems Group, Inc.
555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004

Kate Giard
Chairman
Regulatory Commission of Alaska
701 West 8th Avenue, Suite 300
Anchorage, Alaska 99501-3469

Alexicon Telecommunications Consulting
2055 Anglo Drive, Suite 201
Colorado Springs, CO 80918

James Rowe
Executive Director
Alaska Telephone Association
201 E. 56th Avenue, Suite 114
Anchorage, Alaska 99518

David L. Lawson
James P. Young
Sidley Austin Brown & Wood, LLP
Attorneys for
AT&T Corp.
1501 K Street, NW
Washington, DC 20005

Leonard J. Cali
Lawrence J. Lafaro
Judy Sello
AT&T Corp.
Room 3A229
One AT&T Way
Bedminster, NJ 09721

Michael J. Balhoff
Managing Partner
Balhoff & Rowe, LLC
1213 Shady Creek Road
Marriottsville MD 21104

Robert C. Rowe
Senior Partner
Balhoff & Rowe, LLC
P.O. Box 1857
Helena MT 59624

Brad Williams
Principal
Balhoff & Rowe, LLC
One Morrocroft Centre, Suite 450
6805 Morrison Blvd.
Charlotte, NC 28211

Angela N. Brown
Bellsouth Corporation
Suite 4300
475 West Peachtree St, NE
Drawer 20
Atlanta, GA 30375

Christopher W. Savage
Cole, Raywid & Braverman, LLP
Attorneys for
Centennial Communications Corp.
1919 Pennsylvania Ave., NW
Suite 200
Washington, DC 20006

William Roughton
Vice President-Legal and Regulatory Affairs
Centennial Communications Corp.
3811 Illinois Rd Ste 212
Fort Wayne, IN 46804

Jeffrey S. Glover
Centurytel, Inc.
100 CenturyTel Park Drive
Monroe, LA 71203

Karen Brinkmann
Jeffrey A. Marks
Latham & Watkins LLP
Attorneys for
Centurytel, Inc.
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004-1304

Michael F. Altschul
Senior Vice President, General Counsel
Christopher Guttman-McCabe
Vice President, Regulatory Affairs
Paul W. Garnett
Director, Regulatory Affairs
CTIA
1400 16th Street, N.W.
Washington, D.C. 20036

Ronald L. Ripley
Senior Vice President &
General Counsel
Dobson Cellular Systems, Inc.
14201 Wireless Way
Oklahoma City, OK 73134

Glenn H. Brown
President
McLean & Brown
55 Cathedral Rock Drive, Suite 32
Sedona, AZ 86351

Patrick L. Morse
Vice President – Regulatory Affairs
FairPoint Communications, Inc.
P.O. Box 199
Dodge City, KS 67801-0199

Alex J. Harris
Vice President – Regulatory
Frontier Communications
3 High Ridge Park
Stamford, CT 06905

Kenneth F. Mason
Director – Federal Regulatory
Gregg C. Sayre
Associate General Counsel – Eastern
Region
Frontier Communications
180 South Clinton Avenue
Rochester, NY 14646-0700

G. Nanette Thompson
Vice President-Federal Policy
General Communications Inc.
2550 Denali Street
Suite 1000
Anchorage, AK 99507

Keith Oliver
Vice President-Finance
Home Telephone Company, Inc.
P. O. Box 1194
Moncks Corner, SC 29461

Ben Spearman
Vice President, Chief Regulatory Officer
PBT TELECOM
1660 Juniper Spring Road
Gilbert, SC 29054

Jan Reimers
President
ICORE, Inc.
326 S. 2nd Street
Emmaus, PA 18049

John Ridgway
Telecommunications Mgr.
Penny G. Baker
Assistant General Counsel
Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319

Gerald J. Duffy
Blooston, Mordkofsky, Dickens, Duffy
& Prendergast
Attorneys for
Interstate Telcom Consulting, Inc.
2120 L Street, NW
Suite 300
Washington, D.C. 20037

Patrick Damon
Administrative Director
Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018

Gregg Faber
Utilities Analyst
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, Vermont 05620-2701

Michael Strand
CEO and General Counsel
Montana Independent
Telecommunications Systems
P.O. Box 5237
Helena, MT 59604-5237

Natelle Dietrich
Regulatory Economist
Marc D. Poston
Senior Counsel
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

David C. Bergmann
Assistant Consumers' Counsel
Chair, NASUCA Telecommunications
Committee
Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215

NASUCA
8830 Colesville Road
Suite 101
Silver Spring, MD 20910

Shana Knutson, Staff Attorney
Nebraska Public Service Commission
300 The Atrium Building
1200 N Street
Lincoln, Nebraska 68508

Paul Schudel
James Overcash
Woods & Aitken, LLP
Attorneys for
Nebraska Rural Independent Companies
301 South 13th Street
Suite 500
Lincoln, NE 68508

Richard A. Askoff
Colin Sandy
National Exchange Carrier Association
80 South Jefferson Road
Whippany, New Jersey 07981

Albert J. Catalano
Matthew J. Plache
Catalano & Plache, PLLC
Attorneys for
Nextel Partners, Inc.
1054 31st Street, NW, Suite 425
Washington, DC 20007

Donald J. Manning, Vice President,
And General Counsel
Todd B. Lantor, Chief Regulatory
Counsel
Nextel Partners, Inc.
4500 Carillon Point
Kirkland, WA 98033

Seema M. Singh, Esq.
Ratepayer Advocate
Christopher J. White, Esq.
Deputy Ratepayer Advocate
31 Clinton Street, 11th Floor
Newark, NJ 07102

Daniel Mitchell
National Telecommunications
Cooperative Association
4121 Wilson Boulevard
10th Floor
Arlington, VA 22203

Lee Beyer
Chairman
Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

John Savage
Commissioner
Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

Blair A. Rosenthal
Craig J. Brown
Qwest Communications International,
Inc.
Suite 950
607 14th Street, N.W.
Washington, DC 20005

David A LaFuria
David L. Nace
Steven M. Churnoff
Rural Cellular Association
& the Alliance of Rural CMRS Carriers
Lukas Nace Gutierrez & Sachs,
Chartered
1650 Tysons Blvd., Suite 1500
McLean, VA 22102

David Cosson
Rural Independent Competitive Alliance
Kraskin, Moorman & Cosson, LLC
2120 L St., N.W.
Washington, D.C. 20037

Alan W. Pederson
VP-General Manager & Regulatory Affairs
Sandwich Isles Communications, Inc.
PAUAHI Tower
27th Floor
1001 Bishop Street
Honolulu, HI 96813

Jack H. Rhyner
President & CEO
TELALASKA, Inc.
201 E. 56th Ave
Anchorage AK 99518

Paula Eller
Secretary-Treasurer
Yukon Telephone Company, Inc.
P.O. Box 873809
Wasilla, AK 99687-3809

Christopher M. Heimann
Gary L. Phillips
Paul K. Mancini
SBC Communications Inc.,
1401 I Street, N.W.
Washington, D.C. 20005

Robert S. Foosaner
Vonya B. McCann
Brian K. Staihr
Sprint Nextel Corp.
2001 Edmund Halley Drive
Reston, VA 20191

Paul J. Feldman
SureWest Communications
Fletcher, Heald & Hildreth, PLC
1300 North 17th St.
11th Floor
Arlington, Virginia 22209

TCA, Inc.-Telcom Consulting Associates
1465 Kelly Johnson Blvd., Suite 200
Colorado Springs, CO 80920

Gerard J. Waldron
Mary Newcomer Williams
John Blevins
TDS Telecommunications Corp.
COVINGTON & BURLING
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2401

Texas Statewide Telephone Cooperative, Inc.
3721 Executive Center Drive, Suite 200
Austin, TX 78731

James W. Olson
Indra S. Chalk
Jeffrey S. Lanning
Robin E. Tuttle
United States Telecom Association
607 14th Street, NW, Suite 400
Washington, DC 20005

Michael E. Glover
Edward Shakin
Ann Rakestraw
Verizon
1515 North Courthouse Road
Suite 500
Arlington, VA 22201

Richard A. Finnigan
Attorney for
Montana Telecommunications Association
208 North Montana Avenue, Suite 105
Helena, MT 59601

Richard A. Finnigan
Attorney for
Washington Independent Telephone Association
2405 Evergreen Park Drive SW, Suite B-2
Olympia, WA 98502-6000

Richard A. Finnigan
Attorney for
Monroe Telephone Company
575 Commercial Street, P.O. Box 130
Monroe, OR 97456

David W. Zesiger
ITTA
888 16th Street, NW
Suite 800
Washington, DC 20006